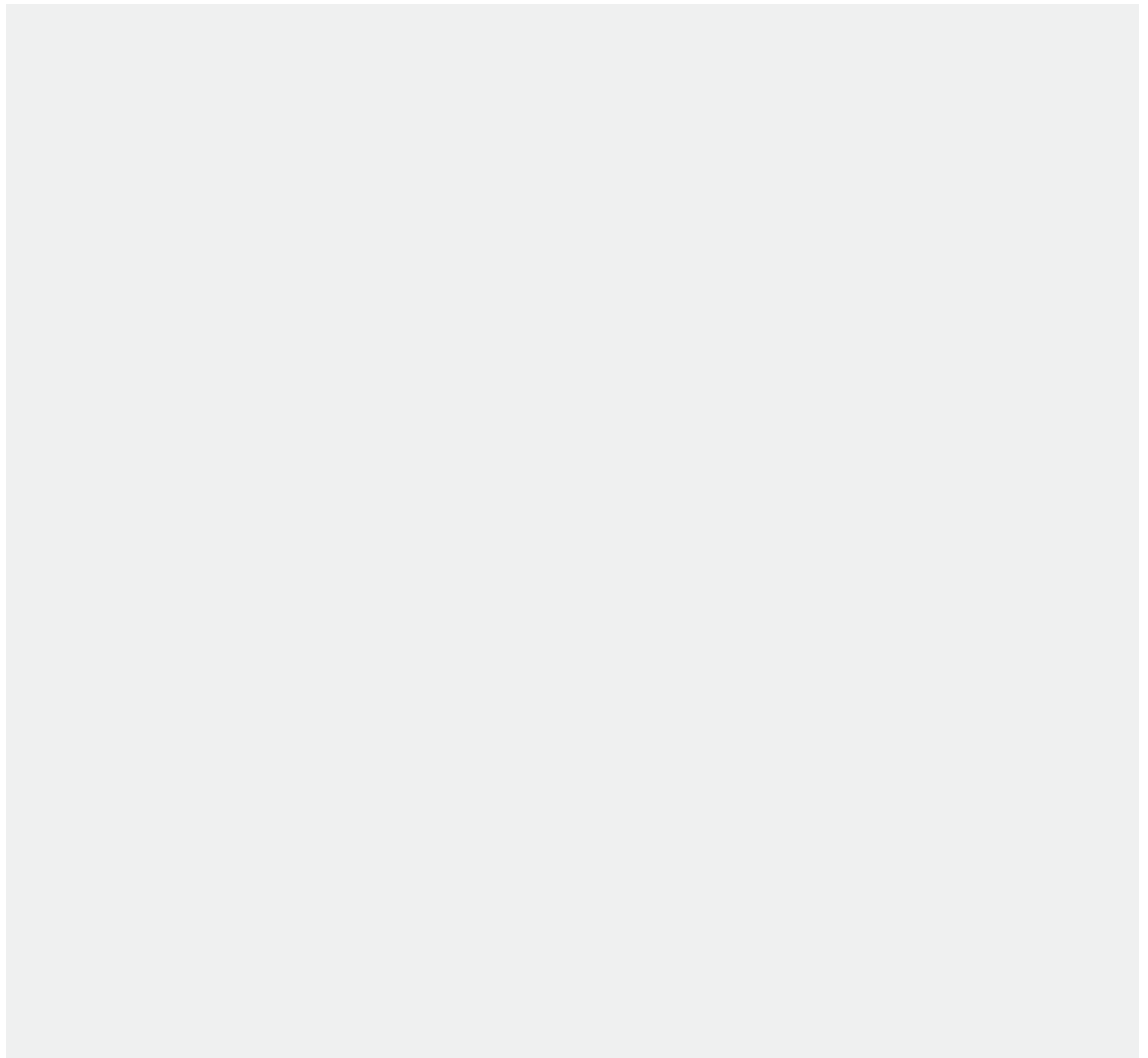


SwapClear SGD SOR and THB THBFIX Conversion Quick Guide

LCH The Markets'
Partner

SwapClear



This conversion process is designed as a backstop to facilitate the conversion where participants have been unable to convert their SGD SOR and THB THBFIX risk arising from LCH-cleared swaps in the market or otherwise. This document is designed to provide SwapClear participants with a high-level overview of the SwapClear SGD SOR and THB THBFIX Conversion processes, including timelines, operational design and trade booking considerations, and a summary of the reporting and analytical tools supporting the conversion process.

The following information should be supplemented with the *SGD Conversion — Operational Considerations* and *THB Conversion — Operational Considerations* decks available on the [SwapClear Knowledge Centre](#).

We encourage participants to contact LCH with questions or for additional information.

01. Timelines

LCH will perform both the SGD and the THB conversion processes over the same weekend, and it intends to test the conversion process via a Dress Rehearsal* with its Members, as per the below table.

Event	Event Date	Portfolio Snap Date
Dress Rehearsal	Saturday 1st April 2023	EOD Friday 31st March 2023 (UAT Environment)
Conversion	Saturday 10th June 2023	EOD Friday 9th June 2023

**The Dress Rehearsal events are intended for Direct Member participation. Clients that are interested in participating should contact LCH to discuss the Dress Rehearsal in more detail.*

02. Conversion Scope

SGD SOR Conversion	THB THBFIX Conversion
<ul style="list-style-type: none">• SGD-SOR vs Fixed IRS• SGD-SOR VNS	<ul style="list-style-type: none">• THBFIX vs Fixed ND IRS

03. Conversion Out of Scope

SGD SOR Conversion	THB THBFIX Conversion
<ul style="list-style-type: none">• SGD-SOR vs SGD-SOR basis swaps• SGD-SOR vs SGD-SORA basis swaps• SGD-SOR ZCS• SGD-SOR vs Fixed IRS compounding• Any SGD-SOR IRS and/or VNS contract that is either 1) fully fixed before the cessation date or 2) matures before the cessation date will not be eligible for conversion	<ul style="list-style-type: none">• Any THBFIX contract that is either 1) fully fixed before the cessation date or 2) matures before the cessation date will not be eligible for conversion

04. Trade Booking Considerations

SGD-SOR and THB THBFX trades outstanding at close of business on the Friday immediately prior to the conversion weekend will be operationally terminated. LCH will create risk-free rate (RFR) equivalent trades as conversion process outputs, i.e. SORA for SGD and THOR for THB, which will retain the accrual periods of the original, now terminated, contract. In the case of SGD SOR, the RFR output contract will incorporate the MAS Recommended Rate Spread Adjustments to maximise cashflow continuity, i.e. for SGD, the SOR floating rate will be replaced by the relevant compounded SORA plus the non-compounded recommended spread adjustment.¹ Full details regarding trade booking considerations for each currency below.

TARGET DESIGN PRINCIPLES FOR SGD SOR VS FIXED

The following table provides an illustrative mapping approach for converting an SGD SOR vs fixed swap into a SORA vs fixed swap. For the avoidance of doubt, final FpML representation will be made available via the [LCH Portal](#).

Swap Leg	Feature	Comment
Fixed Leg	All details to remain the same	
Floating Leg	Notional	Same as the original SGD SOR trade
	Roll Convention	Same as the original SGD SOR trade
	Effective Date	Same as the original SGD SOR trade
	Maturity Date	Same as the original SGD SOR trade
	Business Day Convention	Same as the original SGD SOR trade, including Adjusted/Unadjusted specification.
	Spread	Any contractual spread will be applied on the RFR leg, same as it was on the original SGD SOR trade (i.e. no adjustment). A spread adjustment (SA) will be populated on the SORA leg (as defined by the original index/reset tenor of the SGD SOR swap) in addition to any contractual spread. Treatment for stubs: the SORA trade will carry over the regular period SA, not an interpolated SA. Note, LCH will cash compensate for the difference in spread value.
	Index	The new index will become SORA and will be booked under the ISDA 2021 FRO label: SGD-SORA-OIS Compound
	Day Count Fractions	Same as the original SGD SOR trade
	SOR Coupon Preservation	SGD SOR coupons with all SGD SOR fixings occurring between conversion date and permanent cessation date will be preserved via overlay bookings.
	Fixings	As per vanilla OIS conventions (no offsets/lags/backward shifts). For SGD SOR trades with non-standard fixing lags these will be converted to standard fixing for the SORA trade, i.e. 0 days. Any initial fixing applied to the original trade will not be carried across to the new SORA swap.
	Fixing Centres	These will be as per the default convention for the SORA index. Additional fixing centres will not be persisted onto the new SORA trade.
	Payment Lag	2 SGSI business days
	Payment Calendar	Same calendar(s) as the original SGD SOR trade
	Fees with Future Payment Dates	Same as the original SGD SOR trade

¹ Please see: [implementation-of-supplementary-guidance-on-adjustment-spreads-for-the-conversion-of-legacy-sor-loans-to-sora \(abs.org.sg\)](#).

TARGET DESIGN PRINCIPLES FOR THB THBFIX VS FIXED ND IRS

The following table provides an illustrative mapping approach for converting a THB THBFIX vs fixed ND swap into a THOR vs fixed ND swap. For the avoidance of doubt, final FpML representation will be made available via the [LCH Portal](#).

Swap Leg	Feature	Comment
Fixed Leg	All details to remain the same	
Floating Leg	Notional	Same as the original THB THBFIX trade
	Roll Convention	Same as the original THB THBFIX trade
	Effective Date	Same as the original THB THBFIX trade
	Maturity Date	Same as the original THB THBFIX trade
	Business Day Convention	Same as the original THB THBFIX trade, including Adjusted/Unadjusted specification.
	Spread	Any contractual spread will be applied on the RFR leg, same as it was on the original THB THBFIX trade (i.e. no adjustment). <u>No spread adjustment</u> (SA) will be populated on the THOR leg, in line with THBFIX fallback arrangements.
	Index	The new index will become THOR and will be booked under the ISDA 2021 FRO label: THB-THOR-OIS Compound
	Day Count Fractions	Same as the original THB THBFIX trade
	SOR Coupon Preservation	THB THBFIX coupons with all THB THBFIX fixings occurring between conversion date and permanent cessation date will be preserved via overlay bookings.
	Fixings	As per vanilla OIS conventions (no offsets/lags/backward shifts). For THB THBFIX trades with non-standard fixing lags these will be converted to standard fixing for the THOR trade, i.e. 0 days. Any initial fixing applied to the original trade will not be carried across to the new THOR swap.
	Fixing Centres	These will be as per the default convention for the THOR index. Additional fixing centres will not be persisted onto the new THOR trade.
	Payment Lag	2 THBA and USNY Business Days
	Payment Calendar	Same calendar(s) as the original THB THBFIX trade
	Fees with Future Payment Dates	Same as the original THB THBFIX trade

TRADE BOOKING CONSIDERATIONS (FIXING AND PAYMENT LAGS)

Currency	Feature	Original Swap	New Swap	Overlay Leg #1	Overlay Leg #2
SGD	Fixing Lag & Fixing Centre	-2D/SGSI, LON	0D/SGSI	-2D/SGSI, LON (SOR)	0D/SGSI (SORA)
	Payment Lag	0D/SGSI	2D/SGSI	0D/SGSI (SOR)	2D/SGSI (SORA)
THB	Fixing Lag & Fixing Centre	-2D/THBA	0D/THBA	-2D/THBA (THBFIX)	0D/THBA (THOR)
	Payment Lag	0D/THBA, USNY	2D/THBA, USNY	0D/THBA, USNY (THBFIX)	2D/THBA, USNY (THOR)

05. SGD SOR and THB THBFIX Coupon Preservation

LCH will use overlay bookings to preserve representative SGD SOR and/or THB THBFIX fixings before the index cessation date and any such representative coupon periods. The following table provides the number of overlay bookings each account table can expect to receive based on product type. This is for overlay bookings only and does not include the converted RFR swap.

06. Overlay Booking Model

Currency	Product Type	House	Client
SGD	IRS	2-booking	2-booking
	VNS	2-booking	2-booking
THB	IRS	2-booking	2-booking

The 2-booking model is two 0% fixed vs float swaps

07. Coupon Preservation Considerations

01. The periodicity (e.g., semi-annual, annual etc.) will be inherited from the floating leg of the original swap. The fixed leg day count fraction will be inherited from the fixed leg of the original swap.
02. The effective date of the overlay booking will match that of the original trade, which will ease reconciliation.
03. The overlay booking matures at the point that the last representative SGD SOR/THB THBFIX period prior to cessation has settled.
04. The SGD SOR/THB THBFIX leg of the overlay booking will replicate the SGD SOR/THB THBFIX leg of the original trade exactly but with a shortened maturity date.

08. Trade Date and Registration Date

Trade Date and Registration date for new converted trades, overlay bookings and cash compensation swaps will be as below. This is applicable for both SGD and THB.

Trade Details	
Registration Date	12th June 2023
Trade Date	9th June 2023

09. Cash Compensation

Cash compensation will be provided, and this will be the difference between the NPV of the original SGD SOR/THB THBFIX trade (valued using the relevant fallback methodology for any cashflow fixing post cessation date) and the NPV of the RFR (SORA or THOR) equivalent trade.

10. Booking Considerations for Cash Compensation Swaps

SwapClear will book the cash compensating swaps for Members and Clients at the Clearing Account Level.* The cash compensation amount will be delivered via an upfront fee on a new 1 SGD notional SORA or 1 THB notional THOR trade with a minimum remaining term to maturity. Trade level breakdown will be available via REP000315.

Bookings of cash compensation swaps will take place on 10th June 2023 and will be registered on the following Monday, 12th June 2023. Settlement will be on the Tuesday after the conversion for ND THB (settling in USD, PPS + 1) and the Wednesday after the conversion weekend for SGD (a PPS + 2 currency).

Trade Details		
Currency	SGD	ND THB
Trade Type	Fixed vs Float	Fixed vs Float
Registration Date	12th June 2023	12th June 2023
Trade Date	9th June 2023	9th June 2023
Effective Date	12th June 2023	12th June 2023
Maturity Date	14th June 2023	13th June 2023
Payment Date	14th June 2023	13th June 2023

**The Margin Account Level is the parent account where the account and all affiliates are margined. The Clearing Account Level is the entity level of the account where clearing activity takes place and trades are booked against.*

11. Trade Booking and Reporting

Messaging Method	Direct Member	Clearing Broker	Client
Clearing Confirmed Message via ClearLink	✓	✓	
Portal (FpML/Trade Attribute Download)	✓	✓	✓
Reporting	✓	✓	✓
ATSS Sync (via MW)*	✓		✓

*ATSS Sync allows market participants to synchronise their portfolio population at MW and LCH. LCH will be responsible for communicating the details of the conversion events to MW for record-keeping purposes. Those interested in this process must coordinate the setup with MW and LCH.

12. Reporting

Reports	Description
Report 72FB	Provides the NPV <u>per cashflow</u> under a conversion scenario. The report will break down the components contributing to the conversion compensation fee. It includes the NPV per cashflow of the original trade computed using the fallback assumption and the NPV of the converted RFR (SORA or THOR) trade.
Report 315	Provides a daily summary of the value of the trades under a pre and post conversion regime and of the computed indicative cash compensation fee under a conversion scenario at the <u>trade level</u> .
Report F8	Provides trade attributes of live trades.

13. SwapClear Portal and Knowledge Centre

Subject	Description	Access
Portal	Enhanced Portal screens provide visibility into the indicative impact of the conversion, thereby enabling Members, Clients, and Clearing Brokers to view their indicative converted swaps based on today's portfolio and the indicative compensation amounts.	<p>PORTAL ACCESS Log in to the LCH Portal or email the Onboarding team at SwapClear.ClientOnboarding@lch.com to request access.</p> <p>If you do not have access to the Portal, please reach out to your internal super users, who will be able to grant access. Alternatively, feel free to contact Rates.ClientServices@lch.com, who will be able to advise on the relevant super users at your firm.</p>
	<p>Conversion Trades – provides an indicative view of new RFR transactions on a daily basis.</p> <p>Compensation Trades – provides an indicative view of all the compensation trades.</p> <p>Conversion FpML – provides an indicative view of conversion FpMLs on a daily basis.</p> <p>Compensation FpMLs – provides a final view of compensation FpMLs after conversion.</p> <p><i>These portal screens will be where final trade details/FpMLs can be accessed on the day of conversion.</i></p>	Log in to the LCH Portal and navigate to the "SwapClear Portal." Once in the SwapClear Portal, open the "Apps" menu and expand the "RFR Conversion" drop-down to access the Conversion portal screens.
LCH Knowledge Centre	The LCH Knowledge Centre hosts a variety of materials related to SGD SOR and THB THBFX conversion, such as operational considerations materials, recordings of conversion briefing calls, and reporting and product specifications.	<p>LCH KNOWLEDGE CENTRE ACCESS Log in to the LCH Portal and navigate to "Knowledge Centre".</p>

14. Fees

FALLBACK FEES

Effective 31st March 2023, LCH will apply a monthly Fallback Fee for outstanding SGD SOR and THB THBFX contracts that have a maturity date after the SGD SOR and THB THBFX cessation date of 30th June 2023, as of the last good business day of that month.

The following charges will apply to cleared contracts in both SwapClear Clearing Member House and Client accounts.

March 2023	April 2023	May 2023
USD 5.00	USD 5.00	USD 5.00

CONVERSION FEES

The Conversion Fee applies to cleared contracts that would be outstanding at the point of conversion and that would therefore require conversion to RFR equivalents, i.e. the Conversion Fee amount will apply to SwapClear Clearing Member House and Client contracts that will require the conversion tool:

SGD SOR	THB THBFX
USD 30.00	USD 30.00

A cap will apply in 2023 for all SwapClear Clearing Member House accounts (i.e. applied at Member Group level) as follows. Note, this cap applies across Conversion Fees only and is not applicable for Fallback Fees.

Platinum Tariff	Gold, Silver, and Bronze Tariffs
USD 150,000	USD 100,000

For the avoidance of doubt, USD LIBOR, SGD SOR, and THB THBFX will contribute to the 2023 Conversion Fee Cap.

Additional information around Fallback and Conversion Fees can be found here: [LCH Circular No 4248](#).

15. Appendix

MEMBER CIRCULARS ISSUED TO DATE

01. [Rates Reform - SGD SOR and THB THBFX Fallback and Conversion Fees | LCH Group](#)
02. [LCH Consultation on Conversion of Outstanding Cleared SGD SOR Contracts | LCH Group](#)
03. [LCH's Consultation on Conversion of Outstanding SGD SOR SwapClear Contracts | LCH Group](#)
04. [LCH Consultation on Conversion of Outstanding Cleared THB THBFX Contracts | LCH Group](#)
05. [LCH Consultation on Conversion of Outstanding Cleared THB THBFX Contracts | LCH Group](#)

USD LIBOR CONVERSION QUICK GUIDE

01. [LCH_USD_LIBOR_ConversionQuickGuide_A4_030123-04.pdf](#)

ACCESSING THE LCH KNOWLEDGE CENTRE

The LCH Secure Area has been decommissioned and the Knowledge Centre is the new source of information. The Knowledge Centre can be access via the [LCH Portal](#).

If you do not have access to the Portal, please reach out to your internal super users, who will be able to grant access. Alternatively, feel free to contact Rates.ClientServices@lch.com, who will be able to advise on the relevant super users at your firm.

Once in the [LCH Portal](#), you can navigate to the **Knowledge Centre** tab to find information around SGD SOR and THB THBFX Conversion and other projects.

If you have any questions, please contact either our Client Services team at Rates.ClientServices@lch.com or your Relationship Manager.

WEBSITE

lch.com/swapclear

 @LCH_Clearing

DISCLAIMER

This document has been provided to you for informational purposes only and is intended as an overview of certain aspects of, or proposed changes to, the SwapClear, Listed Interest Rates, SwapAgent, and/or any other service provided by LCH Group Holdings Limited ("LCH Group") or any of its group undertakings (group undertakings shall be construed in accordance with section 1161 of the Companies Act 2006; each an "LCH Group Company").

LCH Limited is supervised by the Bank of England within the UK regulatory framework, registered as a derivatives clearing organisation with the U.S. Commodity Futures Trading Commission ("CFTC") and recognised as a third-country CCP under Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties, and trade repositories ("EMIR"). LCH S.A. is regulated and supervised in France by the Autorité des Marchés Financiers, the Autorité de Contrôle Prudentiel et de Résolution and the Banque de France, authorised as an E.U. CCP under EMIR, registered as a derivatives clearing organisation with the CFTC and as a clearing agency with the U.S. Securities and Exchange Commission. LCH Limited and LCH S.A. also hold licenses or authorisations in other jurisdictions in which they offer their services. More information is available at www.lch.com.

The relationship of an LCH Group Company with its members is governed solely by its rulebook and certain other ancillary documentation, as applicable. This document does not, and does not purport to, contain a detailed description of any aspect of a service provided by an LCH Group Company or any other topics discussed in this document, and it has not been prepared for any specific person. This document does not, and does not seek to, constitute advice of any nature. You may not rely upon the contents of this document under any circumstance and should seek your own independent legal, investment, tax, and other advice. The information and any opinion contained in this document does not constitute a recommendation or offer with respect to any derivative contract, financial instrument, security, or service. No LCH Group Company makes any representation, warranty, condition, or guarantee (whether express or implied) that the contents of this document are accurate, complete, or up-to-date, and makes no commitment to offer any particular product or service. No LCH Group Company shall have any liability for any losses, claims, demands, actions, proceedings, damages, costs, or expenses arising out of, or in any way connected with, the information contained in this document, except that each LCH Group Company accepts liability that cannot be excluded by applicable law.

Copyright © LCH Limited 2023. All rights reserved. SwapClear, CDSClear, ForexClear, RepoClear, EquityClear, SwapAgent, and €GCPlus are registered trademarks of LCH.

The information contained in this document is confidential. By reading this document, each recipient agrees to treat it in a confidential manner and will not, directly or indirectly, disclose or permit the disclosure of any information in this document to any other person (other than its regulators or professional advisers who have been informed of the confidential nature of the information) without the prior written consent of the relevant LCH Group Company to whom such confidential information belongs.

